

# UNIT 78 PROPERTY ADMINISTRATION

(Formerly Unit 62)

## UNIT CERTIFICATION

### Statement of Completion

\_\_\_\_\_ has satisfactorily completed on-the-job training in the duty or duties of this Unit under the conditions described below and in accordance with the overall standard(s) for this Unit.

**Duties**

1. Monitor the acquisition, control, and disposition of Government property by Government personnel and by the contractor.
2. Assess contractors for any Loss, Damage, or Destruction (LDD).

**Conditions**

Given a contract which provides for Government property.

**Overall  
Standard(s)**

Ensure that all parties comply with the applicable property clauses. Amount assessed for LDD accurately reflects the value of the property. Assessment is calculated correctly, fairly, and within a reasonable period of time after the LDD has been identified. Payment is obtained as provided in the contract's terms.

### Evaluator

\_\_\_\_\_  
Name

\_\_\_\_\_  
Title

\_\_\_\_\_  
Date

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## DOCUMENTATION OF OJT ASSIGNMENT(S)

**Description of Assignment:**

**Evaluation:**

**Completion Date:**

# PROPERTY ADMINISTRATION

## Policies (expand)

<i>FAR</i>	<i>Agency Suppl.</i>	<i>Subject</i>
28.303		Contractor insurance for government property.
31.205-26 & 40		Costs of Material, Special Test Equipment, and Special Tooling
42.302(a) (26)-(30)		Contract property administration functions.
45.101 & 45.301		Definitions related to Government property.
45.102		General policies on property.
45.103		Responsibility and liability for government property.
45.104		Review and correction of contractor's property control system.
45.105		Records of government property.
45.5		Contractor use and rental of Government property
45.5		Management of government property in the possession of contractors.
45.6		Reporting, redistribution, and disposal of contractor inventory.
52.245-1 245-2 245-4 245-5 245-7 245-10 245-11 245-17 245-18		Government property clauses
52.247-29		FOB point for delivery of government furnished property.

## Other KSAs

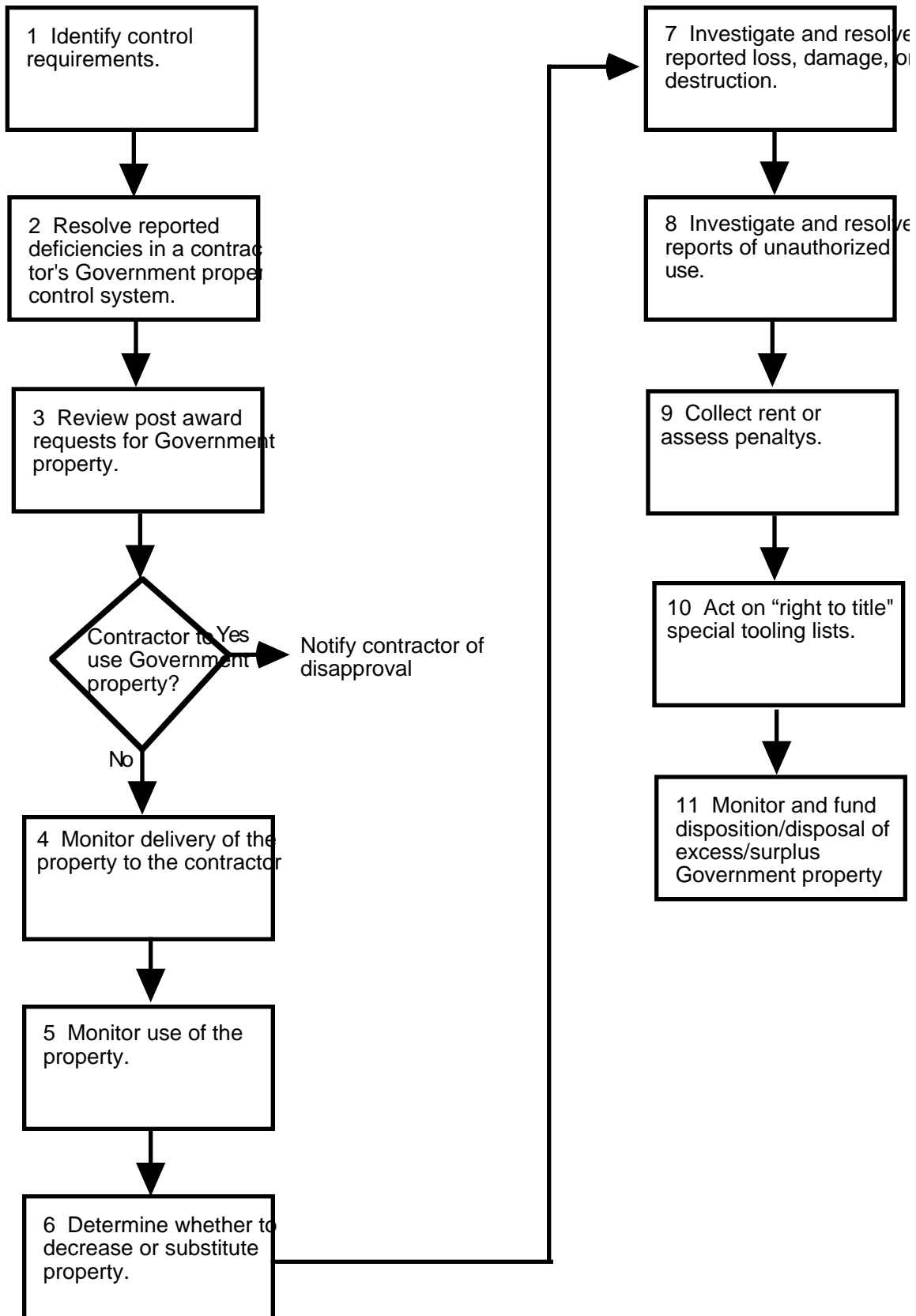
1. Knowledge of property management.
2. Knowledge of the control requirements for Government property.
3. Knowledge of the disapproval/withdrawal/nonacceptance process for the contractor property control system (PCS).
4. Knowledge of postaward Government property transfer requirements, including contract modifications and the obtaining of consideration.
5. Knowledge of the liability policy and provisions for loss, damage, or destruction of Government property and the assessment for any loss, damage, or destruction.
6. Knowledge of the disposal/disposition priorities for Government property, including transfer and funding.

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**Other Policies and References (Annotate As Necessary):**

# PROPERTY ADMINISTRATION



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## Tasks

## Related Standards

<p>1. Identify control requirements (per Unit 54) for keeping the Contracting Officer abreast of property administration, such as:</p> <ul style="list-style-type: none"> <li>• Reports on the overall property control system.</li> <li>• Periodic property audits.</li> <li>• Contractor notification that the equipment is down or in need of repair.</li> <li>• Reports of any shortages, losses, damage, destruction, or misuse.</li> </ul>	
<p>2. Resolve reported deficiencies in a contractor's Government property control system.</p> <ul style="list-style-type: none"> <li>• Obtain a copy of the property administrator (PA) notice to the contractor of deficiencies in the system.</li> <li>• Notify the contractor in writing of any required corrections and establish a schedule for completion of actions.</li> <li>• Monitor (through the PA) compliance with the schedule of corrective actions.</li> <li>• Determine whether to withhold or withdraw approval.</li> </ul>	<p>2. Notify the contractor of required corrections when requested by the PA. The notice must:</p> <ul style="list-style-type: none"> <li>• Caution the contractor that failure to take the required corrective actions within the time specified will result in withholding or withdrawing system approval; and</li> <li>• Advise the contractor that its liability for loss of or damage to Government property may increase if approval is withheld or withdrawn.</li> </ul> <p>Correctly identify consequences for contractor liability if approval is withheld or withdrawn. Notify contractor management by certified mail if system approval is withheld or withdrawn.</p>
<p>3. Review post award requests for Government property.</p> <ul style="list-style-type: none"> <li>• Determine whether to provide or authorize use of the property.</li> <li>• Determine whether to authorize rent-free use of the property.</li> <li>• Absent rent-free use, determine the amount of rent or other consideration.</li> <li>• Modify the contract.</li> </ul>	<p>3. Correctly identify applicable special restrictions or conditions (e.g., whether the property would be furnished on an "as is" basis). Correctly apply FAR decision rules for determining whether to provide the property in response to a post-award request. Only authorize rent-free use under the conditions prescribed in FAR 45.404. Otherwise, obtain a fair rental or other adequate consideration if use is authorized.</p>
<p>4. Monitor delivery of the Government property as stipulated in the contract (per Unit 56).</p> <ul style="list-style-type: none"> <li>• Upon written notice from the contractor that the property is not in a condition suitable for the intended use, determine (a) whether to direct the contractor to repair, modify, return, or otherwise dispose of the property and (b) the amount of any related equitable adjustment.</li> <li>• If the Contractor reports that the property was delivered late, determine whether or not to make an equitable adjustment.</li> </ul>	<p>4. Ensure that Government property is made available according to schedule and that any inconsistencies are readily apparent and able to be remedied.</p>

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## Tasks

## Related Standards


<p>5. Monitor the contractor's property control system and use of Government property (see Unit 56).</p> <ul style="list-style-type: none"> <li>• Ensure that the contractor: <ul style="list-style-type: none"> <li>- Files a statement of any overages, shortages, or damage of the property as shipped.</li> <li>- Identifies, marks, and records the property.</li> <li>- Furnishes a receipt, if necessary.</li> </ul> </li> <li>• Ensure that the contractor: <ul style="list-style-type: none"> <li>- Maintains the approved property control system.</li> <li>- Obtains all required approvals for use of the property.</li> <li>- Uses the property only for those purposes authorized in the contract.</li> <li>- Segregates the Government property from the contractor's property.</li> <li>- Maintains, repairs, protects, and preserves the property.</li> <li>- Discloses the need for major repair, replacement, or other capital rehabilitation work.</li> <li>- Periodically physically inventories the property.</li> <li>- Maintains the required property records and files all required reports.</li> </ul> </li> <li>• When the property is no longer needed, ensure that the contractor: <ul style="list-style-type: none"> <li>- Discloses excess contractor inventory.</li> <li>- Prepares inventory schedules.</li> <li>- Corrects inventory schedules that are not accurate or complete.</li> <li>- Executes the certificate on the inventory schedule.</li> </ul> </li> </ul>	<p>5. Ensure that property is recorded, identified, and marked as prescribed at FAR 45.506. The contractor's records should provide a complete, current, and auditable record of all transactions. Records should include the information required at FAR 45.505-1 through 505-14. Records should be safeguarded from tampering or destruction. Records should be reasonably accessible to authorized Government personnel.</p> <p>All shortages, loss, damages, destruction, or unauthorized use of property should be reported.</p> <p>The Government's property may be commingled with the contractor's property <b>only</b> under the conditions in FAR 45.507. Contractor physical inventories should be conducted as prescribed in FAR 45.508.</p> <p>The contractor's preventive maintenance program and use of the property should comply with policies in FAR 45.509 and be in accordance with sound industrial practice.</p> <p>The contractor should promptly report all Government property in excess of amounts needed to complete full performance under the contracts providing it or authorizing its use. Contractor inventory schedules should be accepted only after the Government plant clearance officer verifies that:</p> <ul style="list-style-type: none"> <li>• The inventory is present at the indicated location,</li> <li>• The inventory is allocable to the contract,</li> <li>• The quantity and condition are correctly stated, and</li> <li>• The contractor has endeavored to divert items to other work or to return contractor-acquired property to the supplier for appropriate credit.</li> </ul> <p>The schedules should be prepared as prescribed at FAR 45.606.</p>
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## Tasks

## Related Standards

### *Electronic Inventory Schedules*

 Contractors may electronically reproduce standard inventory schedule forms, as long as they make no change to the name, content, or sequence of the data elements. Check to ensure that the electronic reproduction includes all essential elements of data and is signed. [§45.606-5, FAC 90-29, Case 91-104]

6. Determine whether to decrease the property to be provided or substitute other property and the amount of any related equitable adjustment.	
7. Investigate and resolve reported loss, damage or destruction of Government property. <ul style="list-style-type: none"><li>• Evaluate and document evidence which indicates that Government property has been lost, damaged or destroyed.</li><li>• Identify extent to which contractor is liable for LDD.</li><li>• Prepare written conclusions on the extent and value of the LDD.<ul style="list-style-type: none"><li>- Obtain proposals from the contractor to repair, replace, or otherwise mitigate damage.</li><li>- Obtain Government estimates and/or audit reports.</li><li>- Prepare the Government's position on amount and remedy.</li><li>- Provide the contractor with an opportunity to present additional facts and his/her position.</li></ul></li><li>• Issue contractor a written demand for payment (see Unit 68) or make any equitable adjustment for the repair of property when the Government has assumed the risk.</li></ul>	7. Determine contractor liability and for Government property according to the applicable clause. To the extent the contractor is liable, assess the contractor for the LDD based on the intrinsic value of the property.
8. Investigate and resolve reports of unauthorized use of Government property. <ul style="list-style-type: none"><li>• Evaluate and document evidence.</li><li>• Provide the contractor with an opportunity to present additional facts and his/her position.</li><li>• Determine whether there has been unauthorized use.</li><li>• Upon a finding of unauthorized use, assess the contractor for the full monthly rental without credit per FAR 52.245-9.</li></ul>	



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## Tasks

## Related Standards

<p>9. Collect rents or assess penalties under the Uses and Charges clause.</p>	<p>9. Comply with requirements of the Uses and Charges clause (FAR 52.245-9).</p>
<p>10. Act on “right to title” special tooling lists, by instructing the contractor</p> <ul style="list-style-type: none"> <li>• To transfer specified items of special tooling to follow-on contracts requiring their use.<sup>1</sup></li> <li>• To enter into an appropriate storage contract for special tooling specified to be retained by the Contractor for the Government.<sup>1</sup></li> <li>• To transfer title to the Government (to the extent not previously transferred) and deliver to the Government those items of special tooling which are specified for removal from the Contractor's plant.<sup>1</sup></li> <li>• To sell the property, or dispose of as scrap, for the account of the Government.</li> <li>• That the Government disclaims further Government interest or right in specified special tooling.</li> <li>• To take some combination of the above actions.</li> </ul>	<p>10. Provide disposition instructions to the contractor within the time frame specified in FAR 52.245-17.</p>
<p>11. Upon the contractor's determination that property is excess, monitor disposition of the property.</p> <ul style="list-style-type: none"> <li>• Determine the method of disposition, by requiring the contractor to: <ul style="list-style-type: none"> <li>- Deliver the property to the Government,</li> <li>- Transfer the property to another contract, or</li> <li>- Dispose of the property as prescribed by 45.603(a)-(g).</li> </ul> </li> <li>• Determine funding requirements for disposition, if applicable.</li> <li>• Prepare any necessary modification.</li> <li>• Resolve reported property disposal problems.</li> </ul>	<p>11. Ensure that the gaining contract has a valid requirement for the property prior to authorizing transfer. Ensure that FAR priorities are observed for property disposed as prescribed in FAR 45.603. Fund promptly the disposition of hazardous material, sensitive property, and demilitarization. Does not fail to modify the contract when necessary.</p>

<sup>1</sup>Not applicable to DoD contracts. Also note the proposed rule published at 59 FR 14462 which would also delete these options for other agencies.